

Exhibit 7

Tue, Aug 1, 2006 11:04 PM

**From:** Earl Davis <mellowpad@earthlink.net>  
**To:** Larry Salander Andrew Kelley <akelly@salander.com>  
**Cc:** Larry Salander <melissag@salander.com>  
**Date:** Thursday, July 27, 2006 2:52 PM  
**Subject:** att: Larry and Andy

~~8/2/06~~

No response

Dear Andy and Larry -

Here are some of my initial responses to the paperwork that you gave me last week and which I had intended to address at our meeting yesterday. I think it would be helpful if you could provide me with a written response to each matter in preparation for the rescheduled meeting next week....

After examining the Sales sheets that you put together -  
I have no record of ever being notified of the sale of Summer House - or of ever being paid in 1996.  
nor was I ever notified or paid for the sale of The Plan #2.

Regarding the other sales - it is very confusing to see them all lumped together in the way that you have - with the indication that I was paid for all on 6/21/06. As far as I am concerned - each sale and group sale remains a separate issue and I consider that the various initial payments that I have been receiving have been going strickly toward payment on the 4 large paintings deal and our outstanding Partnerships. The additional sale of the group of works for \$600,000 and of Punchcard Flutter for \$2,250,000 are, and have always been, treated by me as they were initially presented - as strickly separate.

Based on Larry's verbal communication - I therefore still expect to be notified as to when or whether he has been paid the full cash price for the \$600,000 group - or whether he has taken back these works as he promised - (in which case I would want them returned and adjustments made to recent paperwork - or else given some clear explanation otherwise).

The same holds true for the full payment for Punchcard Flutter which, while I understand Larry's desire to have money owed him rather than the work returned - I did NOT agree to extend this payment indefinitely. We have already passed the various deadlines that I had agreed to and I have since been living in limbo with only the vague promise that full payment is still imminent. I do not wish to place an additional burden on the gallery by asking Larry to pay me for this 'potential' sale out of his own pocket on his expectation of their eventual payment and prefer that the art be returned until they are ready to actually pay!

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These are matters that I do not wish to have to keep asking about and which it was proposed that your new staff member, Diane Buckley, might be helpful in the capacity of being personally responsible for providing me with weekly updates and status reports on each outstanding issue. ✓

Finally - I want to be clear that the WORKS OUT really have all actually been called in for immediate return - in which case I would also like to be notified (in the same weekly memo) as to when I can plan to expect deliveries or advised as to what delays or problems may have arisen.

Because a number of the prices that you provided me for these works out are significantly out of line with my current idea of pricing- I would prefer to delay any further discussions of such prices until everything is in hand and properly accounted for. Also - since I had never been informed that these works have been out with other agents over the years - I would appreciate if Larry could confirm with me the wording and exact nature of his arrangements with each of them - specifically as to their commissions and sales arrangements. Until such works are in my possession - I think it is reasonable for me to request a copy of whatever receipts for such works or contracts for these arrangements have been made.

Best Wishes for the weekend-  
see you both next week,

Earl Davis <mellowpad@earthlink.net>

\* Also report on  
SDCR office re-locate

\* SOR keep complete  
Inventory Database File  
w/ Prices + locations  
as Andy made